

#### HIGHLIGHTS

North Vietnamese Premier Pham Van Dong has taken a tough, unyielding stand on the prospects for negotiations, implying that the Viet Cong have not made sufficient military gains to make negotiations with the US profitable. Peking appears to be attempting to increase the impact of its familiar threats to intervene in Vietnam without actually extending the existing Chinese commitment. Recent photography has disclosed a SAM site in Communist China near the Sino-DRV border -- the first to be detected in this area -at Ningming Airfield. South Vietnamese Government forces have scored favorable results in two large-scale search-and-destroy operations in Quang Ngai and Darlac provinces.

The Military Situation in South Vietnam: Viet Cong last night again fired mortars at the Vietnamese Special Forces camp at Duc Co, in the central highlands province of Pleiku (Para. 1). Government forces have scored favorable results in two large-scale search-and-destroy operations in Quang Ngai and Darlac Province (Para. 2). layed military reports recount a highly successful Vietnamese Special Forces company-strength operation in Phu Yen Province on 12 August (Para.3). MACV's Weekly Military Report for 21-28 August states that the Viet Cong, after taking exceptionally heavy casualties during the previous two weeks, last week once again reverted to the tactical pattern of avoiding major contact with strong ARVN/-US formations and concentrating their principal effort on widespread harassment of lightly defended. isolated governmental centers of influence (Paras. 5-7). The current status of South Vietnam's major transportation routes and the coastal railroad is reported (Paras. 8-9). Statistics on ARVN, Viet Cong, and US personnel and weapons losses sustained during 21-28 August (Paras. 10-12).

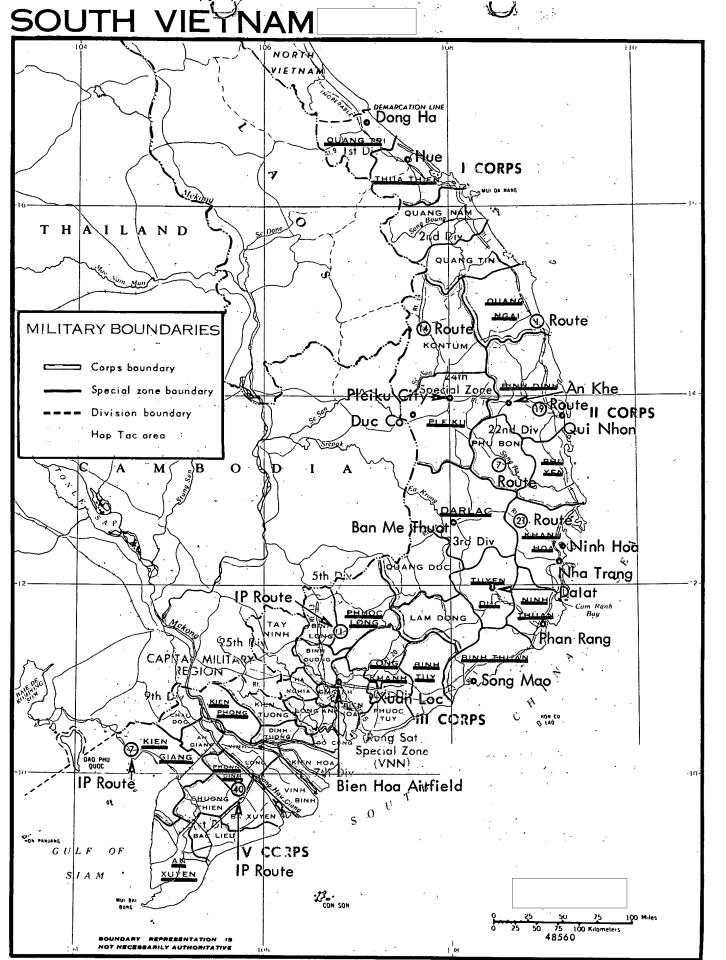
- Political Situation in South Vietnam: Bui Diem in recent conversations with an Embassy official gave his views of student demonstrations in central Vietnam and Thi's role in regard to them (Paras. 1-2). The alleged involvement of Thich Quang Lien in a peace movement organization was also discussed by Diem (Para. 3). The dissident montagnard organization FULRO has withdrawn its autonomy demand as a price for ceasing aantigovernment activity (Para. The black market price of United States dollars in Saigon has jumped with the introduction of new currency regulations (Para. 5). Student demonstrations in central Vietnam may be receiving some support from members of the government (Paras. 6-7). Tran Van Do complains of administrative difficulties in running the Foreign Ministry (Para. 8).
  - III. Military Developments in North Vietnam: Nothing of significance to report.
  - IV. Other Communist Military Developments:
    The Chinese Communists have established a SAM site at Ningming Airfield near the Sino-DRV border (Para. 1).

V. Communist Political Developments: Recent statements by North Vietnamese Premier Pham Van Dong imply that the Viet Cong have not made sufficient military gains to make negotiations with the US profitable (Paras. 1-2). Peking appears to be attempting to increase the impact of its standard threat to intervene in Vietnam without actually extending the existing Chinese commitment (Para. 3). The Chinese Communists have for the second time protested to London on the alleged US use of Hong Kong as a base of operations for the war in Vietnam (Paras. 4-7). Soviet officials are continuing to draw attention to common US and Soviet strategic interests in preventing the spread of Chinese influence in Southeast Asia (Paras. 8-10).

VI. Other Major Aspects: North Vietnamese reduce claims regarding rice crop (Para. 1).

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# I. MILITARY SITUATION IN SOUTH VIETNAM

- l. The Vietnamese Special Forces camp at Duc Co, in the central highlands province of Pleiku, reportedly came under harassing Viet Cong mortar fire late last night. There were no reports, however, of friendly casualties or damage to the outpost in the 15-minute bombardment. Elsewhere, four Americans and one Vietnamese were killed today when their UH-1B helicopter was downed by enemy ground fire 25 miles northwest of Saigon.
- 2. Government forces have scored favorable results in two large-scale search-and-destroy operations in Quang Ngai and Darlac provinces. In the Quang Ngai engagement, a 17-day ground sweep by battalion-strength elements of 2nd ARVN Division has resulted in 42 Viet Cong killed and two captured. In the action at Darlac, an ARVN battalion on a search-and-destroy operation yesterday inflicted losses of 10 killed, two captured, and 15 weapons seized on a Communist force of undetermined strength. No friendly losses were reported in either encounter.
- 3. According to delayed MACV military reports, 87 Viet Cong were killed (15 by air strikes) and 10 suspects detained as the result of a small-unit search-and-destroy operation conducted by a South Vietnamese Special Forces company in Phu Yen Province on 12 August. One government soldier was killed and 10 wounded.
- 4. MACV's military report for 30 August shows 45 Communist-initiated incidents, five of which occurred during the 24-hour reporting period. The most significant enemy action of the day occurred in the Mekong Delta province of Kien Phong, where an unknown number of Viet Cong attacked a Popular Forces outpost, inflicting friendly losses of four killed, seven wounded, nine missing, and 10 weapons captured. On 28 August Communist guerrillas ambushed a Popular Forces platoon on patrol in Binh Dinh Province; 10 militiamen were killed, eight wounded, and 10 weapons seized.

- According to MACV's Weekly Military Report for the period 21-28 August, the Viet Cong, after taking exceptionally heavy casualties during the twoweek period 7-21 August, last week once again reverted to their earlier tactical pattern of avoiding contact with major ARVN/US forces, concentrating their principal effort on widespread harassment of lightly defended, isolated governmental centers of influence, such as provincial capitals, district towns, and strategic outposts. The single exception to this pattern occurred 27-28 August in Phong Dinh Province, where an estimated battalion of Viet Cong Main Force troops offered heavy resistance when contacted by an ARVN regimental-strength search-and-destroy opera-The operation, which resulted in heavy losses to both sides, was especially significant in that it marked the first time in more than a year that government forces had been able to enter the area.
- Statistically, while the over-all level of incidents initiated by the Viet Cong increased from 486 to 534, only two large-scale actions were reported: a battalion-sized attack against a Popular Forces outpost in southernmost An Xuyen Province on 28 August, and a coordinated assault by an estimated 450 guerrillas on a paramilitary outpost and nearby district town in the Capital Military Region on 27 The Viet Cong also conducted a series of August. harassing attacks against ARVN/US positions near Bien Hoa Air Base, including an 81-mm. mortar and 71-mm. pack howitzer assault on the airfield itself during the night of 24 August which resulted in 37 Americans wounded and 36 aircraft damaged.
- 7. A statistical comparison of last week's guerrilla activity with that of the previous week follows:

Time Period	At- tacks	Terrorism	Sabo- tage	Propa- ganda	: <u>AA</u>	Total In- cidents
14-21 August	( 0 <b>11</b>	296	78	51	50	486
21-28 August	12	329	73	41	79	534

- 8. On the government side, two highly successful road\_clearing operations were conducted during the week. Eight battalions from the ARVN General Reserve reopened Route 21 from Nha Trang (Khanh Hoa Province) to Ban Me Thuot (Darlac Province), enabling four convoys to move 2,000 tons of supplies inland to the highland provincial capital without opposition. On 23 August, US "Task Force Alpha" initiated "Operation Ramrod," designed to secure Route 19 from Qui Nhon to An Khe in coastal Binh Dinh Province in order to permit the unopposed deployment of the 1st US Cavalry Division (Airmobile) to the An Khe area in early September. By the week's end, the highway had been cleared and 700 tons of supplies had closed An Khe without incident.
- 9. As to the current status of major transportation routes and the coastal railroad in South Vietnam, National Route 1 remains closed in Quang Ngai, Binh Thuan, and Binh Tuy provinces; Routes 7 and 14 are generally closed; Route 19 is closed to the west of Pleiku city but passable to the east; interprovincial routes 40, 7, and 1, in Phong Dinh, Kien Giang, and Phuoc Long provinces respectively, are closed to military traffic. The coastal railway is operational from Saigon to Xuan Loc (Long Khanh Province); from Song Mao (Binh Thuan Province) to Ninh Hoa (Khanh Hoa Province); from Phan Rang (Ninh Thuan Province) to Dalat (Tuyen Duc Province); and from Hué (Thua Thien Province) to Dong Ha (Quang Thie Province)
- 10. ARVN casualties during the period 21-28 August totaled 710 (180 KIA, 499 WIA, and 31 MIA/captured), a significant increase from the previous week's corrected casualty total of 344 (72 KIA, 254 WIA, and 18 MIA/captured). ARVN weapons losses increased to 106 from the 45 reported lost last week.
- 11. During 21-28 August, the Viet Cong sustained 699 known casualties (579 KIA and 120 captured), a sharp decline in comparison with the previous week's total of 1,244 casualties (1,009 KIA and 235 captured). Government forces captured 176 weapons (none crewserved) in contrast to the 318 weapons (seven crewserved) seized the week before.

12. US battle casualties processed at the close of the 21-28 August MACV reporting period totaled 104 (89 KIA, eight WIA, and seven MIA/captured), a decline from the preceding week's total of 122 (55 KIA, 65 WIA, and two MIA/captured). American nonbattle casualties--probably reflecting the Hong Kong plane crash--numbered 77 (60 deaths and 17 injuries); the preceding week's total in this category was seven (four deaths and three injuries). There were no US weapons losses or civilian casualties reported.

### II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

- 1. Bui Diem, special assistant to the premier, in a recent conversation with the US Embassy political councilor indicated that the "seminar of intellectuals" which the rector of Hué University, Bui Tuong Huan, is sponsoring is no great source of worry. (See Situation Report for 29 August)) Diem felt, however, that in spite of the line-up of moderates in the seminar, results were not entirely predictable because of outside pressures, such as the current student demonstrations.
- 2. Bui Diem also commented on General Thi's position with regard to the student demonstrations. Thi, in his usual fashion, appears to be going along with local sentiments, but is not tolerating public disorder. Diem was doubtful that the current agitation might be exploited by the Communists, but could not rule this out because of the complexities of the situation.
- 3. The alleged involvement of Thich Quang Lien in attempting to establish a peace organization with anti-American overtones was also discussed by Bui Diem. The matter is still under investigation by GVN authorities, and, according to Diem, the Buddhist Institute has assured the government that if Lien is implicated it would not object to action taken against him. Diem personally felt that this was a ploy to trap the government in order to give the Buddhists an issue.
- 4. New developments have taken place in the meeting between GVN and FULRO representatives at Ban Me Thuot. According to Bui Diem, the montagnards have presented a new set of demands which deal with economic benefits and administrative changes in the highland's government, but no longer contain the autonomy demands which are totally unacceptable to the GVN. Diem said that the government was studying the new proposals and that in the interim General Vinh Loc, II Corps Commander, had been ordered not

to move against FULRO units. Government participants in the meetings include Colonell Thanh, chief of Darlac Province, and representatives from the premier's office and General Loc's staff.

- 5. In the wake of the recent conversion to Military Payment Certificates (MPC) for US and other Alliedd troops, the buying price for United States dollars on the Saigon black market is reported to be 140 piasters. The official rate for MPC users is 118 piasters to the dollar. It is expected that by the end of September, when the possession of US legal tender will be prohibited, the illegal exchange rate will be 170 piasters to the dollar.
- 6. According to a late press report, it appears that some elements of the government are lending support to the antigovernment student demonstrations which have been occurring in central Vietnam. Student demonstration leaders are reported to be using four government sound trucks to broadcast their demands for the ouster of General Thieu, chairman of the military Directorate. These leaders say that their movement now is receiving support from the elected councils of the five northernmost provinces of the country which make up the I Corps zone.
- 7. General Thi is reported by the press as saying there is no sign of Viet Cong involvement in the student campaign which is being conducted in his area of responsibility. He maintains that he has ordered only "soft" measures against the students to date, but that if they do not listen to his advice, he will "apply hard measures."
- 8. Tran Van Do, GVN foreign minister, recently complained to acquaintances that he is encountering trouble in running his ministry. The main source of trouble is the slowness of Premier Ky in making decisions. The situation is aggravated by the need to obtain Directorate approval for all decisions. Do gave as examples the difficulty he is having in filling diplomatic posts abroad.

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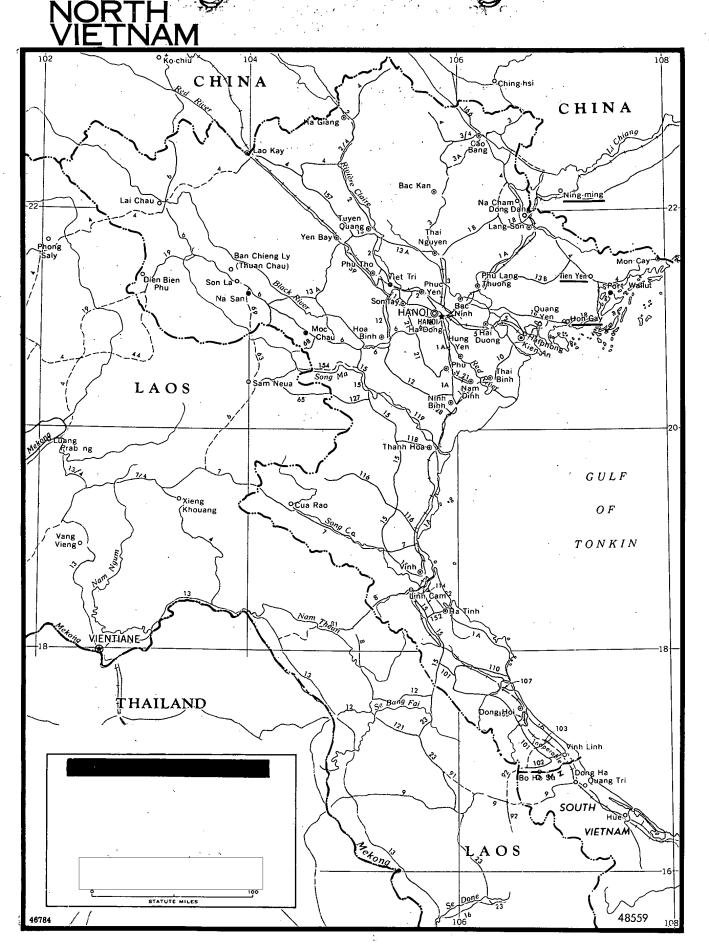
# III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. Nothing of significance to report.

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	IV. OTHER COMMUNIST MILITARY DEVELOPMENTS	
	IV. CHIER COMMONION MILMARE DEVELOPMENTO	
	1. The Chinese Communists have established a surface-to-air missile site near the North Viet-namese border at Ningming Airfield. The site-which is near the east end of the runwayappears to have six positions. Five of the launch positions are visible and may have missiles on them. The site was apparently built some time between 2 July and 17 August. This is the first Chinese SAM site to be detected near the Sino-DRV border area.	
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	3. Although Chinese border defense units are a combat arm of the regular army (PLA), they are generally given stationary assignments and lack the mobility and firepower characteristic of regular	
	infantry and armor units. In coastal areas, it is not unusual for such units to deploy elements to offshore islands in order to extend their coastal security capabilities. Frequently they are equipped with a number of armed junks and coastal lighters, for their own logistic support as well as a limited offshore patrol capability.	
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## V. COMMUNIST POLITICAL DEVELOPMENTS

- 1. North Vietnamese Premier Pham Van Dong took a tough, unyielding stand on the prospects for negotiations in his 31 August address marking the 20th anniversary of the DRV. Dong linked Hanoi's attitude toward negotiations at present with Viet Minh experiences in the war against the French. He asserted that the French had used negotiations and agreements to "gain time to prepare further attacks" and claimed that not until military victories by the Viet Minh had proved to the French that they could not win, was peace achieved on Communist terms. The North Vietnamese premier clearly implied that the Hanoi leadership does not consider that the Viet Cong military forces have been able to achieve a strong enough position to make negotiations with the US profitable for the Communists.
- 2. The rather somber tenor of Dong's remarks suggest that Hanoi does not expect the Viet Cong to achieve such a strong position in the near future. Although he characterized the recent battle between the US Marines and the Viet Cong near Chu Lai as a "big and glorious" victory for the "Liberation Forces;" he avoided the customary Communist boasts that complete defeat of the US/GVN forces is imminent. He noted the possibility that the conflict could develop into another Korean war and repeated the line that the Vietnamese are prepared to fight "five, ten, 20 years or even longer."
- 3. A message from Mao Tse-tung, Liu Shao-chi, Chu Te and Chou En-lai to North Vietnamese party and state leaders on 1 September, commemorating the DRV's 20th anniversary, repeated in somewhat more positive and threatening terms Peking's promise to assist the Vietnamese struggle against "US imperialism." The message states flatly that the Chinese people "are determined to join the Vietnamese people to fight shoulder to shoulder to the end to defeat US imperialist aggression." This is the first top-level Chinese statement which omits the qualifying phrase "if needed" or "if requested" from Peking's public commitment to join the DRV in the war against the US. By dropping the usual caveat, Peking is probably attempting to increase the impact of its standard threat to intervene in Vietnam without actually extending the existing Chinese commitment.

- 4. The Chinese Communists, in an apparent effort to undercut British support for the US position in Southeast Asia, have sent a second formal protest to London against alleged US use of Hong Kong as a "base of operations" for the war in Vietnam. The UK chargé in Peking was summoned to the Foreign Ministry on 1 September and given a sharply worded note which asserted that British support of US "aggression" in Vietnam indicated a policy of "deliberate hostility" to the Chinese people and was "intolerable" to the Chinese Government.
- 5. Citing visits of US Navy ships, military aircraft, and armed forces personnel to Hong Kong, the Chinese demanded that the British immediately take effective steps to stop all activities of "US aggressor forces" in Hong Kong. The note warned that if the British allow the colony to be drawn into the Vietnam war, the UK\"must bear full responsibility for all the consequences arising therefrom."
- 6. On 25 August the principal Communist-controlled newspaper in Hong Kong played up a story concerning the crash of a US military transport which implied that the Chinese might react against the Crown Colony if the authorities did not prevent US use of Hong Kong as a "base." This was followed the next day by an oral protest to the British chargé in Peking over the repatriation to Taiwan of four GRC sailors, linking alleged harassment of the China coast with "frenzied" US expansion of the war in Vietnam.
- 7. The latest note, like the Chinese Communist complaints late last month, appears aimed at raising fears in the UK and elsewhere that further escalation of the war in Vietnam could cause Chinese reprisals in other areas.

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	8. Soviet officials attention to common US and Soviet ests in preventing the spread of		25 <b>X</b> 1
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	9. As in other approaches of the Russians seem to be primarily veying their interest in some for settlement, but also reflected a there are no apparent prospects in the diplomatic impasse.	vintent on con- rm of negotiated conviction that	25 <b>X</b> 1
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	luded to the humiliating position find themselves as a result of the prevent US bombing of the DRV with indicated that the USSR had no indicated its commitment to the DR	punished" by US monsoon season, nd Viet Cong would ally to neutraliza- ssians again al- n in which they neir inability to th impunity. They ntention of flinch- RV, but has "tried	
	to give just enough support to No show that the USSR supports the N		

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but not enough to risk an escalation of the war and a possible Soviet-US military confrontation."

## VI. OTHER MAJOR ASPECTS

- 1. In a recent article on agricultural development in the DRV, the vice minister of agriculture stated that output of rice in 1964 was 4.3 million tons. Adding the nonstaple food crops in paddyequivalent, the claim for total food production was given as "more than 5 million tons. Hanoi had claimed earlier in the year that 1964 rice production was 5 percent above that of 1963, or roughly 4.5 million tons. The new claim indicates that 1964 rice production was about the same as in 1963, which was a relatively poor year.
- 2. While food supply was tight in the DRV last winter, adequate food supplies in the markets and no significant shortages. Hanoi is meeting its food deficit by importing grain. The early rice crop this year was good, which should ease the pressure at least temporarily.

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